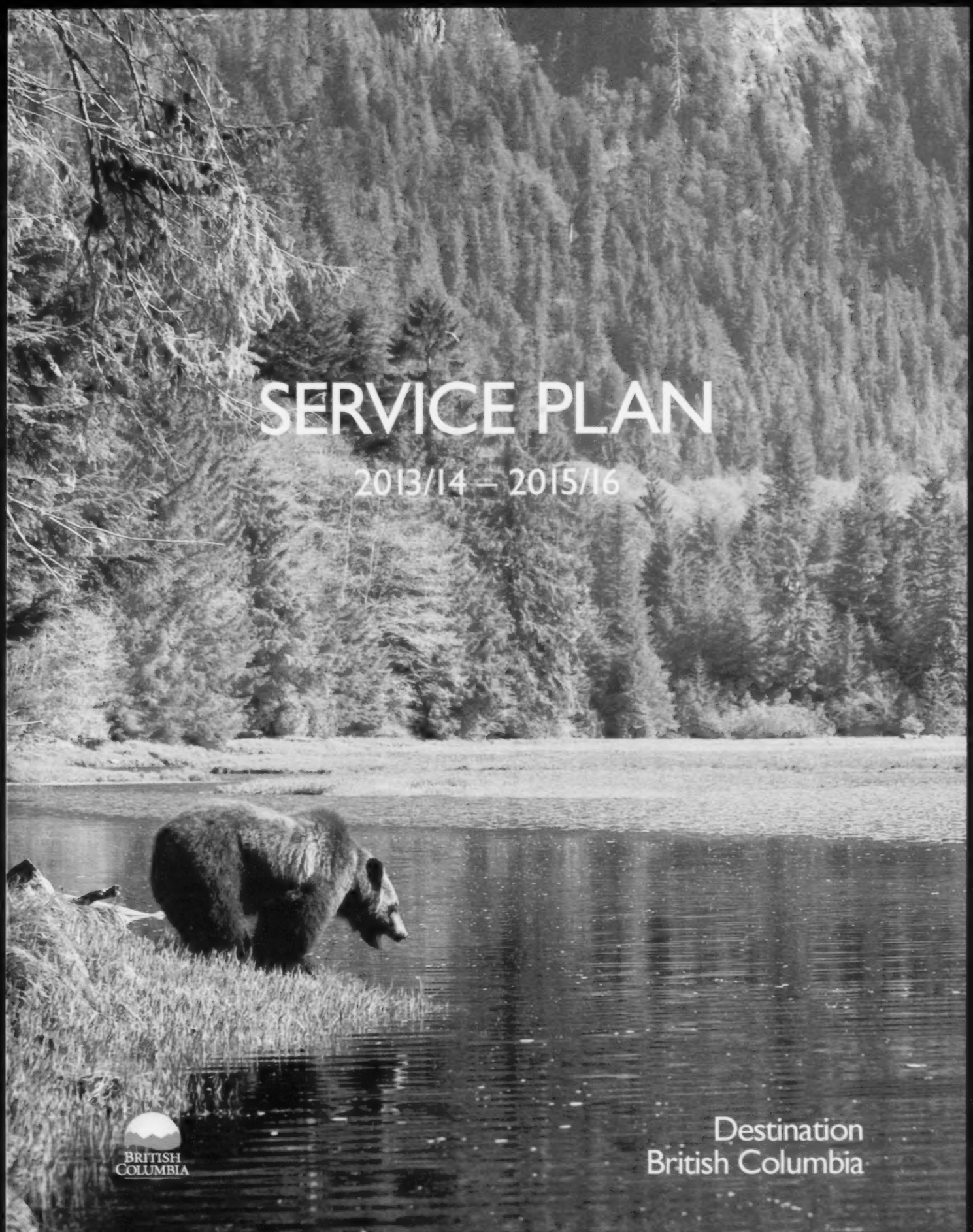

SERVICE PLAN
2013/14 – 2015/16
BRITISH COLUMBIA
Destination British Columbia

Message from the Board Chair and Accountability Statement

To the Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour:

On behalf of the Board of Directors of Destination BC Corp. (Destination British Columbia), I am pleased to present our inaugural Service Plan for the fiscal years 2013/14 to 2015/16.

This is an exciting time for Destination British Columbia, as we begin operating as the province's new tourism marketing organization, based on direct input from the industry we serve. Fiscal 2013/14 will be a year of transition, where a progressive and effective governance framework will be established to ensure that the tourism sector and Destination British Columbia's strategic planning and performance management are supported by the tourism community and position us to take full advantage of the incredible opportunities that lie ahead. Tourism marketing will continue and be strengthened as we build important partnerships with tourism stakeholders across the province and country.

Tourism is a key sector that drives economic growth and job creation and enhances the vibrancy of British Columbia's many communities and regions. The goals of Destination British Columbia are focused on achieving results in those areas that are critical to success – growing the industry through high impact marketing, enhancing the visitor experience, developing and maintaining strong relationships and managing the Corporation with accountability and effectiveness. Related to all of the goals is a necessary focus on our people and developing and empowering a team that is strategic, responsive and innovative. For Destination British Columbia to succeed in the long run, we will need to attract, retain and develop highly skilled and engaged people. This will enable us to work effectively with industry partners to increase tourism revenue, align efforts and drive performance.

I would like to thank the Government of BC and the Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour for the leadership and support necessary to establish Destination British Columbia. I look forward to achieving the goals in this plan and realizing the results that will come from the coordinated, focused efforts of Destination British Columbia.

Sincerely,

Andrea Shaw
Chair, Board of Directors

Destination British Columbia

Message from the Interim Board Chair and Accountability Statement

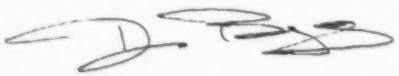
To the Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour:

As interim Director for Destination BC Corp. (Destination British Columbia), I am pleased to confirm that the 2013/14 – 2015/16 Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. The plan is consistent with Government's strategic priorities and fiscal plan. I am accountable for the contents of the plan including what has been included in the plan and how it has been reported.

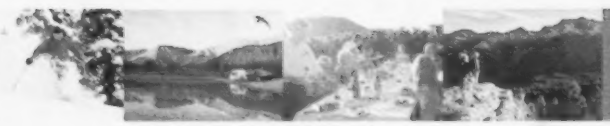
All significant assumptions, policy decisions and events as of January 25, 2013, have been considered in preparing the plan. The performance measures presented are consistent with Destination British Columbia's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Destination British Columbia's operating environment and forecast conditions.

I would like to thank Andrea Shaw, Board Chair and the recently appointed Board of Directors for taking on this important governance role. I would also like to thank management and staff for their ongoing commitment to tourism marketing excellence and for seizing opportunities that will grow tourism in every region across the province.

Sincerely,



Dave Byng
Interim Chair



Destination British Columbia

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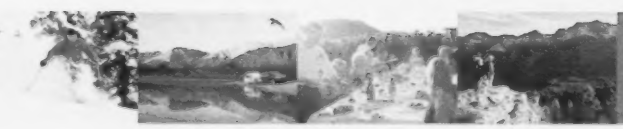


Destination
British Columbia

Organizational Overview

The BC tourism sector is predominantly comprised of small businesses dealing with thousands of consumers – some visiting just once in their lifetime, others travelling throughout BC multiple times. Destination British Columbia's role is to provide a unifying brand for the tourism sector that can showcase BC's competitive advantages and tourism products, incenting travellers from around the world to visit our province. In addition to various marketing programs and tactics, the organization provides tools and education to assist businesses to deliver the best visitor experience possible.

MANDATE

Established on November 2, 2012 under the British Columbia *Business Corporations Act*, Destination BC Corp. is wholly owned by the Province of British Columbia. Operating as Destination British Columbia, the new industry-led Crown corporation works collaboratively with tourism stakeholders across the province in coordinating marketing at the international, provincial, regional and local levels. Destination British Columbia has been mandated to fulfill several key marketing and leadership responsibilities critical to the long-term, sustainable growth of the provincial tourism industry. These include:

- Marketing British Columbia domestically, nationally and internationally as a tourist destination;
- Promoting the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry, including, without limitation, by:
  - Providing support for regional, sectoral and community tourism marketing;
  - Providing industry leadership in tourism marketing;
  - Promoting training and development related to tourism marketing;
  - Providing support for Visitor Centres; and
  - Conducting tourism-related market research;
- Enhancing public awareness of tourism and its economic value to British Columbia; and
- Providing advice and recommendations on tourism-related matters.

Organizational Overview continued

ORGANIZATIONAL STRUCTURE

At its start on April 1, 2013, Destination British Columbia has approximately 140 staff positions, based mostly in BC (Vancouver and Victoria). The organization is multi-national, with in-market representation in the UK, Germany, Japan, Korea, China, and Australia. Two of the international offices, Japan and the UK, are staffed with locally engaged employees. The organization is structured in three functional areas including Tourism Marketing, Tourism Partnerships and Research, Planning and Evaluation.

Tourism Marketing

The Tourism Marketing team deploys a combination of media relations, travel trade and consumer-direct marketing worldwide to increase provincial tourism revenues and encourage the geographic and seasonal distribution of visitors to and within BC. All activities are integrated and strategically targeted to help move the consumer through the vacation planning and purchase process (from awareness, interest, purchase, to ongoing repeat purchase) to increase demand for British Columbia as a preferred travel destination. The team includes North America Marketing, Overseas Marketing, eMarketing and Marketing Communications.

Tourism Partnerships

The Tourism Partnerships team focuses on supporting tourism businesses throughout British Columbia in a way that is inclusive of industry, and works to improve overall marketing effectiveness through cooperation and collaboration.

Program areas include Regional Partnerships, Aboriginal Tourism Partnerships, Community Partnerships and Sector Partnerships. These units work to leverage tourism investments and seek to assure coordination and integration between industry-led marketing and Destination British Columbia tourism marketing programs.

The team also includes Visitor Services and Tourism Product Management, who connect visitors to travel information and individual tourism businesses, motivating visitors to extend their stay and travel all regions of the province. WorldHost Training Services and Quality Assurance help partners to increase industry professionalism and address shortages in BC's tourism workforce. Tourism Partnerships is also responsible for publishing *British Columbia Magazine*, which highlights tourism experiences in BC.

Research, Planning and Evaluation

The Research, Planning and Evaluation team works to build a knowledge base that supports research driven decision-making and program evaluation by Destination British Columbia, community and sector organizations, tourism businesses and government. This includes analyzing tourism performance indicators, tracking tourism industry performance and communicating information on industry performance and trends to stakeholders.

The team partners with other federal, provincial and local agencies (the Canadian Tourism Commission, Parks Canada, Canadian Heritage, other Provincial and Territorial Destination Marketing Organizations) on national and international visitor surveys.

Additional information on Destination British Columbia can be found on its website at http://www.DestinationBC.ca.

Organizational Overview continued

ACCOUNTABILITY AND TRANSPARENCY

As a Crown corporation, Destination British Columbia is accountable to the taxpayers of British Columbia and as such must operate in a manner consistent with the policies and directives of the Provincial Government. An annual *Government's Letter of Expectations* between Destination British Columbia and the Provincial Government outlines these expectations.

Destination British Columbia is accountable to industry. Two initial actions Destination British Columbia will undertake to accomplish this are:

- Establishing a Tourism Marketing Committee, comprised of tourism marketing experts from across BC, that will provide input on the development of tourism marketing strategies and performance indicators; and
- Strengthening the accountability and transparency of arrangements with the Regional Destination Marketing Organizations.

Tourism Marketing Committee

Destination British Columbia is required to establish a Tourism Marketing Committee to provide advice to the Board and the Chief Executive Officer on:

- tourism marketing strategies;
- annual and 3-year tourism marketing priorities and outcomes; and
- tourism performance indicators.

The Tourism Marketing Committee includes three individuals with tourism marketing expertise from each of the six tourism regions in BC.

Regional Destination Marketing Organizations

The six Regional Destination Marketing Organizations in the province play an integral role in the delivery of local and regional tourism promotion in the province.

Destination British Columbia provides funding to these organizations, and in 2013/14 will improve the connection between marketing funding and key deliverables. This will include integrating performance expectations into formal contracts between the corporation and the Regional Destination Marketing Organizations. In addition, contracts will be published to ensure accountability and transparency.

Corporate Governance

Destination British Columbia reports to the Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour and is governed by a Board of Directors comprised of nine private sector Directors appointed by the Minister based on input from the tourism industry. Of the nine members, four may be currently involved in the tourism sector. The Directors are chosen on the basis of their experience and expertise and are responsible for providing leadership and strategic direction to Destination British Columbia and overseeing management in the conduct of the organization's business. This includes to:

- Set vision and strategic direction and empower management to pursue them;
- Ensure appropriate fiscal and management policies, controls and accountabilities are in place;
- Approve the annual budget and fiscal plan;
- Ensure appropriate risk-management measures are in place;
- Hold management accountable for defined performance measurements;
- Ensure effective use of resources;
- Develop strategies to engage and partner with key stakeholders in the marketing of tourism; and
- Report to government, stakeholders and the public.

The Board is guided by the standards, principles and disclosure requirements included in the Provincial Government's *Best Practice Guidelines: BC Governance and Disclosure Guidelines for Governing Board of Public Sector Organizations.*

The Chair is the presiding Director and is responsible for the effective leadership and performance of the Board and the liaison between the Board and the Minister responsible for tourism. The Chair works together with the Chief Executive Officer (CEO) to ensure effective relations with stakeholders, including government.

With diverse backgrounds, Directors are guided by the best interests of Destination British Columbia and its customers and stakeholders, including the BC tourism industry.

Corporate Governance continued

DIRECTORS

Andrea Shaw (Chair)

Susan Tamiko Doi

Gordon Fitzpatrick

Chief Gibby Jacob

Wendy Lisogar-Cocchia

Laird M. Miller

Loring Phinney

Robert Pratt

Alan Raine

Each Director serves on one or more of three standing committees:

1. **Finance and Audit:**
   Assist the Board in fulfilling oversight responsibilities related to financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management and other related matters. Oversee the financial reporting process. Review financial statements, audit plans, reports and controls with auditors.
2. **Human Resources:**
   Assist the Board in fulfilling human resource obligations including staffing, compensation, performance compensation and other matters.
3. **Governance:**
   Monitor governance and Board effectiveness.

The Board Chair is an ex-officio member of all committees.

TOURISM MARKETING COMMITTEE

The Tourism Marketing Committee is comprised of 18 individuals who have expertise in tourism marketing and who are nominated by the Regional Destination Marketing Organizations. It has been created to advise the CEO and the Board of Directors on key marketing priorities.

GOVERNANCE PRINCIPLES

Key governance principles of Destination British Columbia include:

- Directors are independent of both government and Destination British Columbia management;
- Terms of reference clearly define chair, director and committee responsibilities;
- Oversight of management is meaningful;
- Board and employees follow a rigorous code of conduct;
- Governance improves continuously through professional development of directors and annual Board assessments; and
- Governance practices are transparent.

EXECUTIVE MANAGEMENT TEAM

Responsibility for day-to-day management of Destination British Columbia is delegated to the CEO. The CEO leads the organization in achieving the corporate goals and priorities set by the Board, sets standards for organizational conduct and recommends new initiatives to the Board. The Board is currently in the process of recruiting a CEO for Destination British Columbia.

Destination British Columbia

Strategic Context

Tourism is a critical sector within BC's economy. In 2011, the tourism industry generated $13.4 billion in revenue, an increase of 1.4 per cent from 2010 and a 39 per cent increase since 2001. The industry contributed $6.5 billion in GDP and $3.2 billion in export revenues and employed over 126,000 people with total tourism wages and salaries of $4.4 billion. In addition, the industry generates social, cultural and environmental benefits for all British Columbians.[1]

In September 2011, the Provincial Government released *Canada Starts Here: the BC Jobs Plan*, in which eight sectors where BC has a unique competitive advantage key to the provincial economy were identified. Tourism was one of those key sectors. On October 25, 2011, Premier Christy Clark introduced a new strategy for the tourism sector called *Gaining the Edge, a Five-year Strategy for Tourism in British Columbia 2012-2016.*

Gaining the Edge articulated priorities of focus for provincial tourism marketing, with a target of growing tourism sector revenue to $18 billion by 2016 (five per cent growth per year) and for annual increases in sector revenue and/or tourism sector employment in every tourism region.

The creation of Destination British Columbia was a key commitment identified in *Gaining the Edge.*

Global Challenges and Opportunities

The tourism industry in British Columbia has experienced tremendous change over the past decade and the face of tourism continues to change globally. Worldwide events such as 9/11, health epidemics, the global economic crisis, emerging trends in technology and social media, as well as the growing role of tourism as an economic driver in resource communities,

the Vancouver 2010 Olympic and Paralympic Winter Games, and Canada securing Approved Destination Status for Chinese travellers have all altered the landscape of British Columbia's tourism sector.

The Province, through Destination British Columbia and Government Ministries, and the tourism industry must work together to address key trends and challenges to ensure the potential of the tourism sector is fulfilled.

Key Trends

Increasing competition – Countries and regions, such as Eastern Europe, that previously attracted few visitors are now competing actively alongside traditional tourism markets such as Canada, Western Europe and the United States.

Increasing demand and changing consumer interests – Wealthier travellers and an expanding middle class in Asia are among many factors that will contribute to increased demand for tourism. The tourism experiences being sought are also changing, from passive to more active and experiential.

Economic recovery – Inconsistent recovery from the global economic downturn in some of British Columbia's key markets will lead to more conservative choices for travel in the short term, resulting in shorter, less expensive trips.

[1] Source: BC Stats and Statistics Canada.

Strategic Context continued

Key Trends *continued*

Growing use of technology – The breadth of technology available to consumers is enabling them to make better-informed decisions about purchases and to share their experiences and recommendations (good and bad) with others around the world.

Opportunities

Diverse landscapes and experiences – These attributes, coupled with the warmth of British Columbians, uniquely position BC. The *Super, Natural British Columbia®* brand clearly conveys these attributes.

Accessibility to Asia – As "Canada's Pacific Gateway", British Columbia is the face of Canada to Asia's growing markets and their huge visitor potential. This includes the emerging market of India.

World-class tourism products – British Columbia has developed and enhanced many tourism products such as skiing, touring, conventions and city visits, which motivate travellers to visit British Columbia. Outstanding "niche" products, such as wine touring, heli-skiing, bear viewing and fishing motivate smaller numbers, but higher yield visitors. These align well with target markets including Ontario, California, Australia, Germany, Japan and the United Kingdom, in addition to the emerging markets of China, India and Mexico.

Distinct Aboriginal tourism experiences – The development of Aboriginal cultural tourism provides social, cultural and economic benefits to BC's Aboriginal communities, and adds richness and diversity to BC's tourism experiences.

Challenges

Air access – Despite demand for the type of experiences British Columbia has to offer, limited air access and high pricing create significant barriers to growth.

Value of the Canadian Dollar – Together with BC's relatively high cost as a destination, the strengthening of the Canadian dollar over the last few years presents challenges in competing with other jurisdictions that have more favourable exchange rates.

Border security and visa procedures – Security requirements have generally increased processing times at border entry points, impacting the overall ease of travel and quality of the experience for visitors.

Working Together

British Columbia's tourism industry is comprised of various stakeholders including tourism businesses, suppliers, regions, communities, associations, destination marketing organizations and federal, provincial and municipal governments. These stakeholders all play a role in developing and marketing tourism products and destinations, but their responsibilities differ depending on the market, the product and the development and marketing activities. For example, in international markets where the Canada brand is most influential, the Canadian Tourism Commission leads marketing efforts and is supported by Destination British Columbia. In closer-in markets, such as BC or Alberta, regions, communities and individual businesses often provide a more relevant call to action for consumers.

In all cases, coordination and collaboration between Destination British Columbia, all levels of government and the tourism industry is required in order to fully capitalize on the economic contribution of the tourism sector in BC.

Goals, Strategies, Performance Measures and Targets

This Service Plan outlines Destination British Columbia's initial goals for the 2013/14 to 2015/16 fiscal years, and the strategies identified to achieve them. The goals, objectives, strategies, measures and data sources will be refined during 2013/14 under the direction of its new Board and CEO and updated in the next service plan. This will include working with the Province to develop key performance indicators that reflect the Corporation's operating performance and with industry to develop performance measures and indicators that reflect tourism industry performance.

The Provincial Tourism Strategy, *Gaining the Edge*, provides important context for Destination British Columbia's short and long-term tourism marketing strategies and decisions. This includes the key five-year goal of tourism industry revenue of $18 billion by 2016 (five per cent annual growth).

Destination British Columbia's corporate goals are:

Goal 1: Industry Growth
Increase tourism revenue.

Goal 2: The Customer Experience
Assist industry to develop, deliver and maintain a world-class customer experience.

Goal 3: Strong Relationships
Engage and collaborate with key industry stakeholders, partners and governments to align and focus collective tourism marketing efforts.

Goal 4: Business Effectiveness
Conduct our business effectively and efficiently in a changing environment.

Goal 5: Our People
Develop and empower a team that is strategic, responsive and innovative.

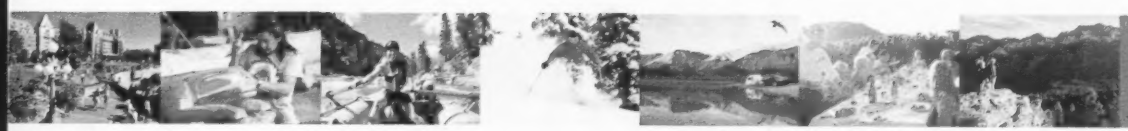
The specific objectives and strategies are expected to be further refined by the Destination British Columbia Board of Directors in the next iteration of the three year service plan.

Goal 1: Industry Growth – Increase tourism revenue.

STRATEGIES	PERFORMANCE MEASURE	2013/14 TARGET	2014/15 TARGET	2015/16 TARGET
Deploy a combination of media relations, social media, travel trade and consumer direct marketing activities. Connect consumers to travel information and products through the channel of their choice. Build upon the *Super, Natural British Columbia*® brand as a travel motivator.	Visitors to Destination British Columbia consumer websites	7.4M	Improve over baseline	Improve over baseline
Data Source: Destination British Columbia.				

DISCUSSION

The number of visitors to Destination British Columbia's consumer websites – including **HelloBC**.com and all the international language sites – is a measure of the success of the marketing efforts. Moving from awareness of the website, to actually accessing the web-pages has proven a crucial first step to having potential tourists make plans to visit the province. The websites are designed to make it easy for consumers to explore BC's many tourism products and services, connect with tourism businesses and finally, to make the decision to visit. Maintaining BC as a strong destination of choice is a key component of the Province's goal of having tourism revenues grow to $18 billion by the end of the 2016.

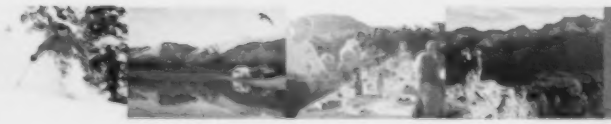


Goal 2: The Customer Experience – Assist industry to develop, deliver and maintain a world-class customer experience.

STRATEGIES	PERFORMANCE MEASURE	2013/14 TARGET	2014/15 TARGET	2015/16 TARGET
Improve the visitor experience through integrated visitor information services.	Visitor Centre Network satisfaction with programs and services.	Establish Baseline	Maintain or improve over baseline	Maintain or improve over baseline
Assist tourism businesses to meet and exceed visitor needs and expectations through tourism product development and enhancement programs.	Number of businesses and organizations participating in Destination British Columbia product development and business enhancement programs.	Establish Baseline	Maintain or improve over baseline	Maintain or improve over baseline
Data Source: Destination British Columbia.				

DISCUSSION

The delivery of outstanding experiences for visitors from anywhere in the world is critical to achieving higher revenues through increased spending and longer stays, and the responsibility for this lays largely with Visitor Centres and tourism businesses. Destination British Columbia contributes by providing tools, education and infrastructure support to enhance the overall quality of the visitor experience throughout the province.



Goal 3: Strong Relationships – Engage and collaborate with key industry stakeholders, partners and governments to align and focus collective tourism marketing efforts.

STRATEGIES	PERFORMANCE MEASURE	2013/14 TARGET	2014/15 TARGET	2015/16 TARGET
Increase the amount of private sector funding contributed to joint marketing initiatives between the BC industry and Destination British Columbia.	Private sector and community co-operative marketing funds leveraged by Destination British Columbia programs.	Establish baseline	Maintain or improve over baseline	Maintain or improve over baseline
Strengthen relationships with cross-government partners and key industry stakeholders. Engage stakeholders in research based tourism planning.	Stakeholder satisfaction with Destination British Columbia programs and services.	Establish baseline	Maintain or improve over baseline	Maintain or improve over baseline

Data Source: Destination British Columbia.

DISCUSSION

A key objective of Destination British Columbia is to increase collaboration and coordination in marketing across the BC tourism industry. One approach that Destination British Columbia will take towards this end is to use its marketing funds to leverage private sector funding.

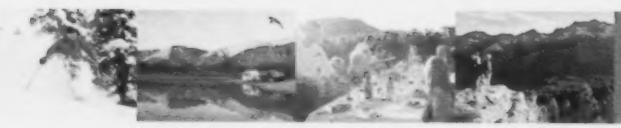
Destination British Columbia

Goal 4: Business Effectiveness – Conduct our business effectively and efficiently in a changing environment.

STRATEGIES	PERFORMANCE MEASURE	2013/14 TARGET	2014/15 TARGET	2015/16 TARGET
Manage the performance and accountability framework for Destination British Columbia. Ensure cost effective provision of corporate support services that meet business requirements.	Percentage of Destination British Columbia funds allocated to corporate support services.	15%	Maintain or improve over baseline	Maintain or improve over baseline
Data Source: Destination British Columbia Annual Financial Statements.				

DISCUSSION

Destination British Columbia must maximize BC's tourism marketing funds available through innovation and the careful management of human and financial resources. The annual evaluation of corporate support costs by the Board of Directors will provide an important indicator of performance and contribute to overall transparency.



Goal 5: Our People – Develop and empower a team that is strategic, responsive and innovative

STRATEGIES	PERFORMANCE MEASURE	2013/14 TARGET	2014/15 TARGET	2015/16 TARGET
Attract, retain and develop highly skilled and engaged people.	Employee satisfaction and engagement	N/A	Establish baseline	Maintain or improve on baseline
Data Source: To be measured using Annual Employee Engagement Survey. It is anticipated a Survey will be introduced following the first full year of operation.				

DISCUSSION

The long-term success of Destination British Columbia will depend on ensuring that employees are satisfied and dedicated to the success of the organization and its goals. The annual evaluation of employee satisfaction will support the Board of Directors and senior management to identify opportunities and make progressive decisions that reflect the value of a stable, thriving work environment.

Summary Financial Outlook

The following table reflects the financial projections for the planning period *(Note 1)*.

	2013/14 BUDGET ($M)	2014/15 BUDGET ($M)	2015/16 BUDGET ($M)
Revenue			
Government transfers	48.890	48.890	48.890
Deferred government contributions *(Note 3)*	0.500	0.500	0.500
Other revenue	3.540	3.540	3.540
Total Revenue	**52.930**	**52.930**	**52.930**
Expenditures			
Tourism Marketing	27.555	27.555	27.555
Tourism Partnerships	21.820	21.820	21.820
Research, Planning and Evaluation	1.355	1.355	1.355
Board and corporate support	1.700	1.700	1.700
Amortization	0.500	0.500	0.500
Total Expenditures	**52.930**	**52.930**	**52.930**
Net Income	0.000	0.000	0.000
Total Debt	0.000	0.000	0.000
Retained Earnings	0.000	0.000	0.000

Capital Expenditures *(Notes 2 and 3)*	**1.800**	**TBD**	**TBD**

Financial Outlook Assumption Notes:

1. Fiscal 2013/14 is the first year of operations for Destination British Columbia. As such, prior year actual and current year forecast is not presented.
2. Capital expenditures for 2013/14 reflect an investment in information technology necessary to support achieving business objectives. Amounts for 2014/15 and 2015/16 will be determined through planning during 2013/14.
3. Pending Government approval.

Contact Information

All correspondence and/or enquiries should be directed to:

Destination British Columbia
Attention: Director,
Corporate Communications
and Stakeholder Relations
12th Floor, 510 Burrard Street
Vancouver, BC V6C 3A8

Corporate website www.DestinationBC.ca

Tourism information www.HelloBC.com

Destination British Columbia